

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1283 - SB 1179

April 4, 2019

SUMMARY OF BILL: Requires laws of general application with certain estimated mandatory fiscal impacts to local government to be fully funded or cease to have mandatory implementation requirements. Prohibits state entities from denying funds, fining, or penalizing local governments for noncompliance with certain laws. Prohibits state agencies from adopting a rule which would increase or create a fee impacting local government programs or activities in certain fiscal years.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – Due to multiple unknown variables, a precise impact on state and local government cannot reasonably be determined.

Assumptions:

- Article II, Section 24 of the Tennessee Constitution provides that no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.
- Tennessee Code Annotated § 9-4-5302 provides:
 - An amount of \$1,000,000 of the growth in state-shared taxes apportioned to local governments is to be available for allocation to local governments to cover the state's share of any mandatory increase in local expenditures required for implementation of a law;
 - If the cost of any law of general application is more than \$50,000, the source and amount of funding from state funds must be set forth in such law; and
 - If the source and amount of funding from state funds is not set forth in such law, then it shall be prescribed in the general appropriations act in the fiscal year within which the law is effective.
- The proposed legislation would:
 - Require any law with an individual mandatory increase in local government expenditures exceeding \$100,000 or multiple laws enacted with a cumulative mandatory increase in local government expenditures exceeding \$1,000,000 to be fully funded in order for such laws to become effective;
 - Prohibit a state entity from denying funds to or fining a local government for noncompliance with legislation which is not: (1) required by federal law, (2)

does not lessen an existing requirement or mandate, or (3) implement mandatory duties required by the Tennessee Constitution;

- Prohibits a state agency from increasing or creating a fee that will impact local government activities or programs in any year where state revenues appropriated to the state agency decreased from the previous year.
- Due to multiple unknown factors, such as the number of laws which will be passed in future General Assemblies which will require additional state funding as a direct result of the proposed legislation, the extent of any increase in state expenditures associated with a required increase in state appropriation, the extent of any decrease in state revenue associated with the prohibition on increasing or creating new fees, and the extent of any decrease in local expenditures, a precise fiscal impact on state and local government cannot reasonably be determined.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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